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GAMBLING IN ASIA
an insight to the Asian market

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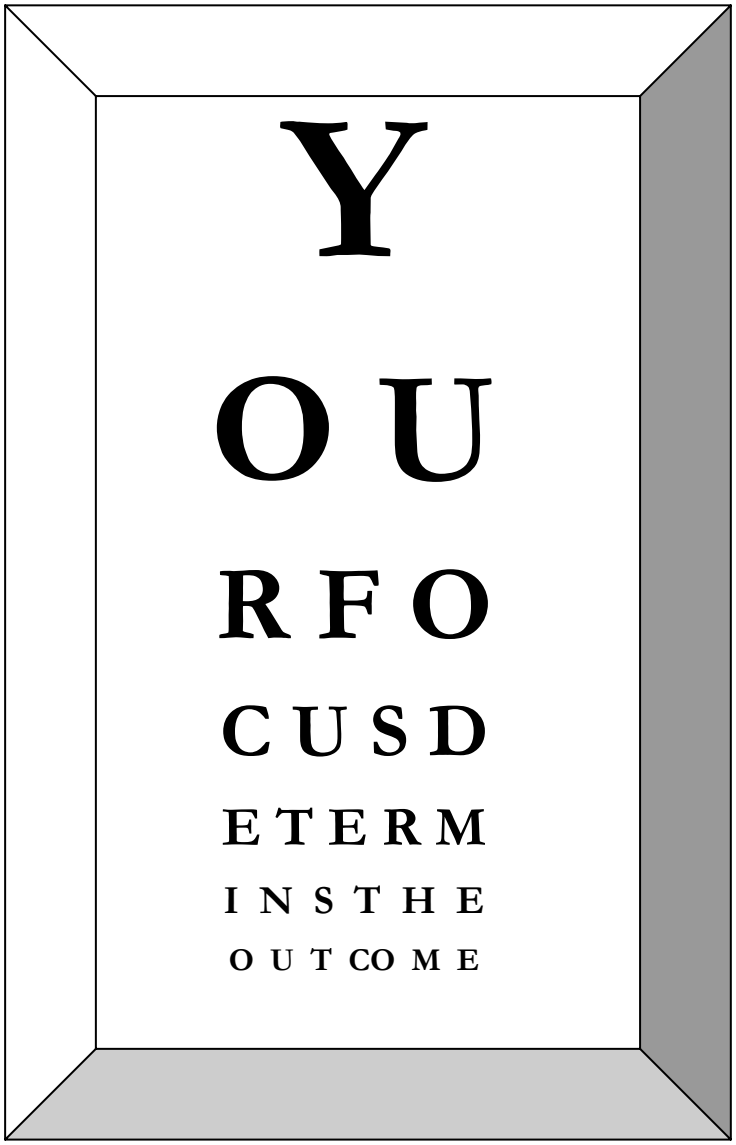

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Gambling in China

- The current laws in China prohibit all types of gambling both online and offline
- The only forms of legal gambling in China are the two government lotteries: the Welfare Lottery and the Sports Lottery
- The China Welfare Lottery Issuing Center (CWLC) is regulated by the Ministry of Civil Affairs and was authorised by the State Council to issue lottery tickets since 1987
- The China Sports Lottery Administration Center (CSAC) is regulated by the General Administration of Sports and has been authorized by the State Council to issue lottery tickets since 1994

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Gambling in China

- Since 2007, China's lottery market has rapidly expanded with sales exceeding RMB 100 billion and a continuous annual growth rate of 25%
- In 2010, China's lottery market has generated RMB 69.4 billion in profits, of which 75% was used to build new community sports centres and fund social welfare programs
- Macau and Hong Kong are both considered Special Administrative Regions and even though still part of the PRC they both require passport visas to enter, and both have completely different laws and forms of government.
- Officially, casino gambling is restricted to Macau, and betting on horse races is restricted to Hong Kong.

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Gambling in China

Focus on Macau

- Gambling in Macau has been legal since the 1850s when the Portuguese government legalized the activity in the colony
- Macau has become known worldwide as the "Monte Carlo of the Orient"
- The business of gambling in Macau is currently four times bigger than in Las Vegas
- The gambling tourism in Macau is making up about 50% of the economy and is therefore the biggest source of revenue

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Gambling in China

Focus on Macau

- Generally, gambling in Macau can be divided into three categories: casino games, horse racing and greyhound racing as well as sports betting and a number of lotteries
- At present time Macau does not license online gambling operations
- Operators and promoters of illegal casinos, as well as their customers, are punished by fines and imprisonment

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Gambling in China

Focus on Macau

- Macau's Gaming Inspection and Coordination Bureau confirmed that the enclave's casinos recorded a 25% year-on-year increase in gross gaming revenues in December to 23.6bn patacas ($3bn).

- The combined total revenues for 2011 amounted to 188.34bn patacas – a 42.2% increase on the previous year.

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Gambling in China

Focus on Macau

- This growth is expected to slow with credit rating agency Standard & Poor's estimating that the enclave's casinos will experience a 15 per cent increase in revenue in 2012.

- The high growth has caused the Chinese and Macau governments to express concerns about the city's gambling-dependent economy and exaggerated rents, with Beijing imposing visa restrictions on mainland citizens in 2009.

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Online Gambling in China

- Online Gambling is banned in China
- The government does not grant licenses to operate online gambling sites in China
- Technically, players are not allowed to play on overseas sites either
- The government even tries to filter them out of the internet, but players always find ways to play

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Online Gambling in China

- Many websites around the world accept players from China
- Some of them even cater specifically to the Chinese player
- Besides, a few offshore sites accept payment using Chinese bank cards
- The government of People's Republic of China is considering legalizing online gambling

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Online Gambling in China

- The government would likely license companies to establish themselves in Macau
- China has a significant motivation to legalize online gambling – it takes around 40% of the house winnings in Macau
- Legalizing gambling online would create a massive government windfall for new revenues

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Gaming in the Philippines

- The Philippines is divided into 13 cities which have 19 legal gambling facilities available in total.
- The 19 gambling facilities consist strictly of casinos.
- All casinos in the Philippines are run by the Philippine Amusement and Gaming Corporation (PAGCOR).
- PAGCOR is fully government owned and controlled, and regulates almost all gambling in the country.
- PAGCOR operates online casinos, bingo, and sports betting sites as well as land based establishments.
- PAGCOR runs an online casino complete with poker games, as well as a basketball betting website and a bingo site made specifically for playing on-the-go via mobile phones.

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Gaming in the Philippines

- The Cagayan Special Economic Zone and Freeport on the north-eastern tip of the country is the only exception to the PAGCOR monopoly over gambling in the Philippines
- This area is subject to its own rules, and gives out separate licenses for gambling halls within its limits.
- One big difference between Cagayan Freeport and the rest of the Philippines is that only foreigners can play in the Cagayan region.
- Over 40 gambling sites are registered in the Cagayan region.
- In the town of Port Irene, hundreds of small gambling halls cater to foreign tourists from nearby countries.

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Gaming in the Philippines

- Manila is the city with the highest number of casinos in Philippines.
- The biggest casino in the whole country is Casino Filipino Parañaque which is located in Parañaque City.
- Mahjong, bingo, lottery and sports gambling are some of the most popular games played.
- Poker has also become popular lately, mainly due to Western influence.
- Online gambling has been legal in the Philippines since 2000 with the aim of stopping illegal gambling, particularly sports gambling.

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Gaming in the Philippines

- Gaming operators and companies operating in certain zones of the online gaming jurisdiction are entitled to numerous benefits and tax incentives:
  - 4 to 6 year income tax holiday for qualifying (4 years for non-pioneer firms and 6 years for pioneers)
  - Tax and duty-free importation of articles, raw materials, capital goods, equipment and consumer items
  - A special tax rate of 5% on gross income in lieu of national and local taxes
  - Tax credits for foreign corporations
  - Permanent residency for investors and their immediate family, provided that the investor maintains a capital investment of not less than US$150,000.00

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Gaming in the Philippines

- All applicable incentives under the Omnibus Investment Code of 1987 , such as:
  - Foreign nationals employed by the enterprise shall be issued a multiple entry visa, valid for a period of three years
  - Tax treatment of merchandise in the Zone
  - Tax and duty-free importation of articles, raw materials, capital goods, equipment and consumer items
  - Tax credits

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Gambling in Vietnam

- Vietnam's government is working on a comprehensive casino development policy and hope to unveil it early next year.
- Gambling has long been considered a "social evil" by Vietnam's Communist leaders .
- With growing pressure on state finances amid ongoing macro-economic instability, the government now appears keen to ease restrictions on gambling and develop a proper legal framework for the industry.

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Gambling in Vietnam

- 2 cities in Vietnam have 2 legal gambling facilities available in total which consist strictly of casinos.
- The city with the most casinos in Vietnam is Ha Long City
- The largest casino in the whole country of Vietnam is Do Son Casino which is located in Hai Phong and has 7 table games and 100 casino slots / video poker games (or other video terminal gaming machines).
- At the moment, sports betting is not legal, though Vietnamese officials are inching closer to legalizing sports books in their country.

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Gambling in Vietnam

- Dang Huy Dong, vice minister of planning and investment and the senior official in charge of attracting foreign investment said that there will be a public announcement early next year, once they have a proper policy.
- But he also said that the casino policy is not the top priority at the moment, giving the ongoing battle to combat inflation, which hit 23 % year-on-year in August, and wider macro-economic challenges such as Vietnam's large trade and budget deficits.
- Currently gambling is technically illegal in Vietnam, but the government has given special dispensation to a number of hotels to open slot machine and table games rooms for foreigners only.

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Gambling in Vietnam

- Some officials believe it is only a matter of time before Vietnam passes sports betting laws. The country is also considering regulating an online gambling industry.
- The Vietnam lottery is estimated to make up about 2.5% of Vietnam's Gross Domestic Product every year.
- The government would like to increase that percentage to around 4 or 4.5 percent in the coming years.
- Like with sports betting, government officials call for greater regulation, to maximize the revenues the Vietnam government can rake in.

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Gambling in Vietnam

- Vietnamese officials are quick to shut down illegal lotteries, which are known to exist. In fact, members of an illegal lottery ring in Can Tho City were sentenced to prison sentences in early 2008.
- Though the Vietnamese casino market is relatively undeveloped, the fact that the socialist government is relaxing its hold on the general economy means that new casinos are springing up on the horizon.

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Gambling in Vietnam

- Legalizing certain forms of gambling in Vietnam would certainly lead to an increase of funds on the gambling front. However, gambling always has its detractors, and since all gambling in Vietnam was forbidden prior to 2003, one should expect a certain amount of lassitude when it comes to allowing more of it.
- Mr. Dong, vice minister of the country invited 'foreign quality investors' to consider this market after the central government unveils its new policy
- The Vietnamese government is undergoing negotiations and working on projects, which shall kick-start the Vietnam gambling industry.

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Gambling in Vietnam

- The government of Kien Giang province has said that it wants to attract a foreign investor to build a $4bn casino resort on the increasingly popular holiday island of Phu Quoc, off the southern tip of Vietnam.

- Executives from Las Vegas Sands, which operates the other casino resort in Singapore, have held talks with the Vietnamese government about the possibility of developing new projects in the country.

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Gambling in Vietnam

- To benefit from the Austrian knowhow, Daso, a Vietnamese conglomerate together with Casino Austria is planning to build a casino facility in a five star hotel.

- These plans are in the early stages but first steps to achieve the goal set will take place next year.

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Gambling in Singapore

- The first gambling laws in Singapore established in the 1950s included the Private Lotteries Act, which regulates lotteries offered to members of private social clubs and the Betting and Sweepstakes Duties Act, which governs the duties payable on betting and sweepstakes.
- The Betting Act was enacted in 1960 to suppress illegal common betting-houses, betting in public places and bookmarking.
- In 1968, the government established the state operator Singapore Pools to counter illegal betting and to channel proceeds of sales to benefit the community.

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Gambling in Singapore

- Football betting was legalized and introduced in 1999 and Formula One racing in 2008.
- In April 2006 the Parliament enacted the Casino Control Act 2006 which established the Casino Regulatory Authority of Singapore as the industry regulator of the operational aspects of casinos, as well as a regulatory framework to address problem gambling.
- The Responsible Gambling Code of Practice was introduced in July 2007 by the National Council on Problem Gambling to encourage gambling operators to adopt responsible gambling practices.

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Gambling in Singapore

- Between 2008 and 2010, various subsidiary legislations were introduced to regulate matters such as:
  - the layout of the casinos
  - the gaming and surveillance equipment that is procured and used
  - the types of casino games that are offered
  - the mode of payment
  - advertising by casinos
  - patron dispute resolution and
  - exclusions from entry.

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Gambling in Singapore

- A Casino Crime Investigation Branch of the police was set up in July 2009 to combat casino-related crimes such as forgery, cheating, loan-sharking and money laundering
- Most gambling in the nation of Singapore is prohibited.
- The Singapore Totalisator Board has control over limited legalized betting on horse-racing and football, as well as the Singapore Sweep Lottery.
- These gambling activities are the only legal opportunities for gaming in Singapore.
- The Betting Act of Singapore prohibits betting or wagering on any event or contingency relating to any horse-race or other sporting event with the exception of the limited activity provided by the Singapore Totalisator Board.

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Gambling in Singapore

- The Betting Act also makes it illegal to advertise for any gaming house in Singapore, regardless of the location of the gaming house.
- The Common Gaming House Act prohibits anyone from gambling in a gaming house, either public or private. It also prohibits a person from gaming in public.
- Lifting a 40-year-old ban on gambling, Prime Minister Lee Hsien Loong announced the country's decision to allow operation of two new casinos.

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Gambling in Singapore

- The two resort casinos posted $5.1 billion in gaming revenues in 2010. By way of comparison, a report citing research by the Royal Bank of Scotland has suggested Las Vegas will take $6.2 billion in 2011.

- The two resorts are expected to boost tourism, generate 45,000 new jobs and attract 10 million visitors by 2015

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Conclusion

- It is no surprise that Asia is bucking the trend of recession where casino revenues are concerned. This presentation gave a flavor of the rise in scale that reflects Asia's growing importance in online betting and the gaming sector particularly in South-East Asia.

- All this has been built over the past five years by use of offshore licenses, the benefit of low taxes and attractive high payouts.

- Although Asia is still unregulated it offers the largest gambling market in the world so while Europe suffers from early pangs of a recession, entrepreneurs may wish to take the plunge and enter this exciting market in Asia.

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On an ending note…

Every year people win millions of dollars playing poker and casinos make billions just by being around those people.

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Thank you for your attention!

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